

**Mr. Turner (Ottawa-Carleton):** You will have to think about it. I am sorry the Secretary of State (Mr. Faulkner) has left the chamber, because he also celebrated a very important event in his life: he became married. I am sure we all wish him well.

**Some hon. Members:** Hear, hear!

**Mr. Turner (Ottawa-Carleton):** Without any reflection at all upon the House leader, I want to say to the hon. member for Peterborough, the Secretary of State, that congratulations are due to him upon finally joining the human race.

In rising at this time, Mr. Speaker, to move second reading of this bill to provide for export taxes and charges upon exports of crude oil from Canada, I should like briefly to review the background and to draw the attention of the House to the rapidly changing international picture against which the substance of the bill must be assessed. I also wish to touch upon some of the internal ramifications of some of those external events and what the external events mean to Canada as a country, because it is now fully evident that the pricing of crude oil in Canada, from which this bill basically derives, now poses for our country an issue of great significance and complexity.

[*Translation*]

In some respects, it is a unique challenge in the entire economic history of Canada. This matter raises extensive economic, political and fiscal problems. In addition, it could become a serious threat to Confederation and national unity. With regard to that situation, the government of the country must provide a clear and firm answer. The bill involved is only one of various measures included in that response.

It is necessary that Parliament and all Canadians be fully aware of the unprecedented occurrence characterized by an imminent shortage and a very steep rise in crude oil prices.

For some time most of us were aware of certain basic tendencies which were emerging in the over-all picture of the world energy supply and demand in general and of oil products in particular. The Canadian position was outlined in a government analysis paper published last June. This document described the long-term reduction in oil supply as opposed to a rapidly increasing demand as well as the unavoidable necessity of price increases. However I should say that nobody could forecast the rapidly developing events which within a few months not only reduced the flow of supplies but also entailed a sharp increase in world prices. The immediate and direct effects of those developments on certain countries in a less favourable position than Canada are already beginning to be felt: for those countries the balance of payments is being dislocated, economic growth is being slowed down, unemployment is increasing and the standard of living decreasing. As for the indirect and long-term effects they are hard to evaluate. However one thing is certain: some industrialized countries and developing nations which are largely dependent on imported oil will be greatly affected.

#### *Oil Export Tax*

However until the end of last fall Canada succeeded in avoiding shortages and sharp price increases. But the sharp rise in world prices exerted heavy tensions on our domestic price system which was designed for the particular structure of Canadian production and market. We are producing enough oil to meet our own needs, since our over-all production slightly exceeds our national consumption. However, because nearly all of our Canadian production is obtained from the western provinces especially Alberta which by itself accounts for more than 80 per cent, and for economic considerations related to location, transportation and world prices, it has proven more profitable to export about half of our production to the United States and to import a lesser volume for the five more easterly provinces. The second half of our production supplies the markets of Ontario and our four Western provinces.

[*English*]

Since 1960 it has been national policy to foster and develop this production and marketing system. Along with the favourable corporate tax regime applicable to the resource industries, this policy helped greatly in stimulating and encouraging the exploration and development of crude oil and gas reserves in western Canada. With normal world trade and effective links between Canadian, United States and international oil prices, the over-all system provided for a reasonable balance in markets and prices to the mutual advantage of all Canadians. Indeed, the system was sufficiently flexible and balanced as to adjust to a one-third increase in wellhead prices in the west over the first nine months of last year, along with somewhat sharper increases in import prices. It was also able to accommodate the domestic price restraint program which was introduced in early September as part of our general fight against inflation.

All of that, however, has been drastically altered by rapidly changing external events. We now face the need to construct, on an entirely different basis, a new kind of oil policy for Canada. That was fully recognized in the Prime Minister's statement in this House in early December. In that statement he outlined the concepts of a national market, self-sufficiency and a national pricing regime as foundations for a one-Canada oil policy. Along with improved transportation facilities and security of supply, such a policy must mean a reasonable equivalence of prices for petroleum products across the country after adjustment for costs of transportation and distribution.

The question has been asked, however, why oil should be singled out now for special national attention when many other internationally-traded resources and commodities have also been subject to sudden shortages and sharp price escalation. It is a fair question. I have, I think, already indicated a broad, general answer in the House, namely, the fact that on the one hand we have long maintained a basic oil policy aimed at developing Canadian resources and, on the other, we now have to adjust to a very major external disruption.

However, three specific interrelated points can also be made with particular regard to pricing and taxation. In the first place, oil plays a unique and almost unparalleled role in our national life. In a sense, it is the lifeblood of our economic system, providing over one-half of our total